

Message Text

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ACTION L-03

INFO OCT-01 EUR-25 ISO-00 FEA-02 AEC-11 AID-20 CEA-02

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FM AMEMBASSY LONDON

TO SECSTATE WASHDC PRIORITY 2904

UNCLAS LONDON 10157

E.O. 11652: N/A

TAGS: EMIN, UK

SUBJECT: MINERAL LEASING RIGHTS

REF: A) LONDON 9945; B) LONDON 8800; C) STATE 168430;
D) PITTMAN-KAUFMAN TELCON AUGUST 7, 1974

1. IN ADDITION TO ORAL ASSURANCES REPORTED REFTEL (A),
DEPARTMENT OF ENERGY HAS PROVIDED INFORMAL WRITTEN REPLY
TO EMBASSY QUERY ABOUT UK LAW AND PRACTICE ON GRANTING
MINERAL LEASES AND ISSUING PERMITS FOR PIPELINE RIGHTS
OF WAY TO FOREIGN CITIZENS. TEXT FOLLOWS:

QUOTE: UNDER PRESENT REGULATIONS (THE PETROLEUM (PRODUC-
TION) REGULATIONS 1966), AS AMENDED, APPLICANTS FOR
LICENCES MUST BE PERSONS WHO ARE CITIZENS OF THE UNITED
KINGDOM AND COLONIES AND ARE RESIDENT IN THE UNITED KING-
DOM OR WHO ARE BODIES CORPORATE INCORPORATED IN THE
UNITED KINGDOM. FOREIGN-OWNED COMPANIES INCORPORATED IN
THE UNITED KINGDOM ARE THEREFORE FULLY ELIGIBLE TO APPLY
FOR LICENCES, AND INDEED THE RECORD SHOWS THAT IN GRANT-
ING THE LICENCES, MAINLY ON A DISCRETIONARY
BASIS, THE RESPONSIBLE MINISTERS HAVE NOT DISCRIMINATED
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AGAINST FOREIGN-OWNED COMPANIES WHO CURRENTLY HOLD ABOUT

67 PER CENT OF ALL LICENSED TERRITORY. UNITED STATES OWNED COMPANIES HOLD THE GREATER PART OF THAT PERCENTAGE, ABOUT 45 PER CENT OF THE TOTAL TERRITORY LICENSED. IN EXERCISING THEIR DISCRETION TO GRANT LICENCES ONE OF THE CRITERIA APPLIED HAS BEEN THAT THE PARENT COUNTRIES CONCERNED DO NOT DISCRIMINATE AGAINST UNITED KINGDOM COMPANIES. THERE IS NOTHING IN THE PRESENT GOVERNMENT'S STATEMENT OF ITS OFFSHORE OIL AND GAS POLICY WHICH INDICATES ANY CHANGE IN THEIR APPROACH. THEY WANT THE OIL COMPANIES TO CONTINUE TO INVEST IN THE NORTH SEA ON PROFITABLE TERMS. WITH REGARD TO THEIR DECLARED POLICY TO NEGOTIATE PARTICIPATION IN EXISTING LICENCES STRESS HAS BEEN LAID ON THE FACT THAT THE FORTHCOMING NEGOTIATIONS WILL BE GENUINE AND APPLY TO THE UNITED KINGDOM AND FOREIGN-OWNED COMPANIES ALIKE.

THERE IS NO PROVISION, EXISTING OR PROPOSED UNDER UK LEGISLATION WHICH WOULD PREVENT OR INHIBIT A FOREIGN-OWNED COMPANY FROM CONSTRUCTING OR OPERATING A PIPELINE, EITHER ON OR OFFSHORE, IN THE UK. UNQUOTE.

2. EMBASSY EXAMINATION OF PIPE-LINES ACT, 1962, 10 & 11 ELIZ. 2 CH. 58, BEARS OUT DEPT. OF ENERGY STATEMENT CONCERNING CONSTRUCTION OR OPERATION OF PIPELINE, EITHER ON OR OFFSHORE IN UK, BY FOREIGN-OWNED COMPANY.

3. COPY OF PIPE-LINES ACT BEING POUCHED TO PITTMAN, L/EB.

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